

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
MAY 11, 2006

The Members of the Department of Financial Institutions met at 9:30 a.m., EST, at 30 South Meridian Street, Suite 300, Indianapolis, Indiana. Present from the Department were Judith G. Ripley, Director; James M. Cooper, Deputy Director, Depository Division; Chuck T. Stumpf, Deputy Director, Administration Division; Kirk Schreiber, Senior Bank Analyst; Mark K. Powell, Supervisor, Credit Union Division; Mark Tarpey, Supervisor, Consumer Credit Division; John Schroeder, Deputy Director and Associate Counsel, Non-Depository Division; Gina R. Williams, Supervisor, Administration Division; Troy Pogue, Supervisor, Administration Division and Ronda Bailey, Administrative Assistant. Guest was David R. Sage, Chairman of the Board of Teachers Credit Union, South Bend, Indiana.

I. PUBLIC SESSION:

- A.) Members Present: David A. Bochnowski, Chairman, Michael W. Davis, Rick J. Rice and Travis Holdman. Paul Sweeney was absent.
- B.) Approval of the minutes of the meeting held April 13, 2006. Chairman Bochnowski entertained a motion to approve the minutes for April 13, 2006 meeting. Mr. Holdman moved approval of the minutes; Mr. Davis seconded the motion, and the motion passed unanimously.
- C.) Date of next meeting: June 2, 2006 @ 10:00 a.m., EDT at the Indiana Department of Financial Institutions, 30 South Meridian Street, Suite 300, Indianapolis, Indiana.

D.) DIRECTOR'S COMMENTS AND REQUESTS:

1. Deputy Director Chuck Stumpf presented to the Members for approval the proposed supervisory fee schedules for the FYE 06-30-07. Mr. Stumpf stated that the primary goal of the proposal is to adequately fund the ongoing operational costs of the Department and to ensure that fees generated adequately cover the cost of services provided. In addition, the Department's proposal will also result in a higher percentage of total revenue being generated by Depository Division fees in order to more properly match the cost of that division with the revenues it generates.

The major changes being recommended are a 10% increase in bank fees; a 10% increase in Credit Union fees; an increase from \$400.00 to \$500.00 for examiner MAN-DAY fees; and an increase in the Licensed Lender application and renewal fee from \$800.00 to \$1,000.

The proposed revisions to the specific fee schedules are as follows:

- A 10% increase in bank fees resulting in a revenue increase of approximately \$307,000.

- A 10% increase in credit union fees resulting in a revenue increase of approximately \$60,500.
- An increase in the licensed lender's application fee and renewal fee from \$800 to \$1,000.

These changes will generate additional revenue of approximately \$50,000.

The actual expenses charged for all personnel involved in processing, analyzing, or investigating a bank or credit union application which requires approval of the Department would be increased from \$400 to \$500 per day. This fee was last changed in FY 2005 (\$200 to \$400).

A motion for approval of the fee schedules for the FYE 06-30-07 was made by Mr. Davis and seconded by Mr. Rice. The motion was unanimously approved.

2. Director Ripley presented to the Members for approval a resolution of appreciation for former Vice Chairman, Joseph G. Pierce for his years of dedicated service to the Department. **A motion was made for approval of the resolution by Mr. Rice and seconded by Mr. Holdman. The motion was unanimously approved.**

3. **STAR Financial Bank, Fort Wayne, Allen County, Indiana**

On March 16, 2006, the bank notified the Department of its intent to acquire Estlick-Girvin & Lefever, Inc., (EGL"). EGL is a multi-line Indiana Insurance agency operating out of a principal office in Columbia City, Indiana. The structure of the transaction consists of the cash purchase of 100% of the voting stock of EGL through a merger of STAR Insurance Agency, Inc., a wholly owned subsidiary of the Bank, with and into EGL. Upon consummation of the transaction, the name of EGL will be changed to STAR Insurance Agency, Inc. **This item was for informational purposes only.**

E.) ACTIONS BY DELEGATED AUTHORITY:

1. **Citizens Bank, Mooresville, Morgan County, Indiana**

The bank has applied to the Department for approval to establish a branch office to be located at **100 North State Road 267, Avon, Hendricks County, Indiana**. The application was received on March 23, 2006. The branch is to be known as the **"Avon Branch."** The proposed branch is a 2,450 square foot existing office space in a retail shopping center known as Kroger Plaza - Avon. The applicant is leasing the space from an independent third party for five years with two extensions of five years each with an annual rental of \$36.8M. It is estimated that there will be \$50M worth of leasehold improvements. Furniture, fixtures, and equipment costs are projected at \$135M. No relationship exists between the parties involved in this transaction. The bank's three-year average ROA is 1.28%. As of December 31, 2005, the bank's ROA was 1.18% and its Tier 1 leverage capital ratio was 11.23%. The investment in total fixed assets to total capital will increase from 15.97% to 16.53% after the establishment of this branch. **This was approved**

by the Director under delegated authority on April 24, 2006.

2. **Bloomfield State Bank, Bloomfield, Greene County, Indiana**

The bank has applied to the Department for approval to establish a branch office to be located at **147 West Broad Street, Lyons, Greene County, Indiana**. The application was received on April 12, 2006. The branch is to be known as **Lyons Branch**. The proposed branch is a 1,515 square foot existing branch banking facility. The applicant has purchased the land and building from an independent third party for \$22M. Furniture, fixtures, and equipment costs are projected at \$50M. No relationship exists between the parties involved in this transaction. The bank's three-year average ROA is 1.07%. As of December 31, 2005, the bank's ROA was 1.04% and its Tier 1 leverage capital ratio was 10.29%. The investment in total fixed assets to total capital will increase from 16.10% to 16.28% after the establishment of this branch. This will be the institution's 13th branch. **This was approved by the Director under delegated authority on April 24, 2006.**

3. **National City Bank, Cleveland, Cuyahoga County, Ohio**

An application for issuance of a certificate of admission was received from National City Bank, Cleveland, Cuyahoga County, Ohio ("National City"). On January 27, 2006, National City Bank of Indiana, Indianapolis and National City Bank of Southern Indiana, New Albany merged with and into National City. National City is the resulting bank after the merger and has retained branches of National City Bank of Indiana and National City Bank of Southern Indiana in Indiana. This foreign corporation application is being filed to enable the surviving corporation to transact business in Indiana in accordance with the provisions of IC 28-1-22 and IC 28-2-17. CT Corporation System, 251 East Ohio Street, Suite 1100, Indianapolis, Marion County, Indiana has been appointed as resident agent for service of legal process by National City. **A Certificate of Admission was issued by the Director under delegated authority on April 24, 2006.**

4. **Marine Bank, Wauwatosa, Milwaukee County, Wisconsin**

Marine Bank is expecting to merge with CIB Bank, Indianapolis, Indiana. The merger is expected to occur on June 30, 2006. Marine Bank will be the resulting bank after the merger and will retain CIB Bank's branches in Indiana. In anticipation of the consummation of the merger, an application for issuance of a certificate of admission for the surviving corporation of the merger has been filed with the Department. This foreign corporation application is being filed to enable the surviving corporation to transact business in Indiana in accordance with the provisions of IC 28-1-22 and IC 28-2-17 as soon as the consummation occurs. J. Brian Chaffin, 5435 North Emerson Way, Suite 100, Indianapolis, Marion County, Indiana has been appointed as resident agent for service of legal process by Marine Bank. If the merger does not consummate as planned, this application will be revoked unless extended by the Director of the Department. **A Certificate of Admission was issued by the Director under delegated authority on April 24, 2006.**

5. **Knisley Bank, Butler, DeKalb County, Indiana**

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request asks approval to pay a cash

dividend of \$25,000 to its holding company, Knisely Financial Corporation, Butler, Indiana. The

dividend will be upstreamed to the parent holding company to reduce the holding company's outstanding loan obligation. As of December 31, 2005, the bank's Tier I leverage capital ratio is 8.10%. Proforma Tier 1 leverage capital ratio as of December 31, 2005, is approximately 8.06% after the payment of the dividend. **This was approved by the Director under delegated authority on April 24, 2006.**

6. Members Advantage Credit Union, Michigan City, LaPorte County, Indiana

The credit union has filed a request for approval of an amendment to its Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership.) This amendment placed persons who reside or are employed within the following communities into the field of membership of the credit union:

Lake County, Porter County, LaPorte County, Indiana (common bond of community residence or employment within a community as defined by 28-7-1-10). **This was approved by the Director under delegated authority on April 17, 2006.**

7. Double Eleven Credit Union, Indianapolis, Marion County, Indiana

The credit union has filed a request for approval of an amendment to its Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership.) This amendment placed persons who reside or are employed within the following communities into the field of membership of the credit union:

Franklin, Lawrence, and Warren Townships, Indiana (common bond of community residence or employment within a community as defined by 28-7-1-10)

Hancock County, Shelby County, Indiana (common bond of community residence or employment within a community as defined by 28-7-1-10). **This was approved by the Director under delegated authority on April 19, 2006.**

8. Teachers Credit Union, South Bend, St. Joseph County, Indiana

The credit union has filed a request for approval of an amendment to its Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership.) This amendment placed the following organizations into the field of membership of the credit union:

Marazita-Ignowski Properties, LLC – Niles, MI – 7 members (common bond of occupation as defined by 28-7-1-10).

Veni's Sweet Shop – Niles, MI – 7 members (common bond of occupation as defined by 28-7-1-10). **This was approved by the Director under delegated authority on April 24, 2006.**

9. **Teachers Credit Union, South Bend, St. Joseph County, Indiana**

The credit union has filed a request for approval of an amendment to its Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership.) This amendment placed persons who reside or are employed within the following communities into the field of membership of the credit union:

Wells County, Adams County, Noble County, DeKalb County, Indiana (common bond of community residence or employment within a community as defined by 28-7-1-10). **This was approved by the Director under delegated authority on April 24, 2006.**

Other Business. Chairman Bocknowski asked if there was other business. There being no further business, Chairman Bochnowski adjourned the meeting.

APPROVED:

ATTEST:

David A. Bochnowski, Chairman

James M. Cooper, Acting Secretary